

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING
AGREED-UPON PROCEDURES
TOWN OF CHATTANOOGA, OKLAHOMA &
CHATTANOOGA PUBLIC WORKS AUTHORITY
JUNE 30, 2013**

**TOWN OF CHATTANOOGA, OKLAHOMA &
CHATTANOOGA PUBLIC WORKS AUTHORITY**

JUNE 30, 2013

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**TOWN OF CHATTANOOGA, OKLAHOMA &
CHATTANOOGA PUBLIC WORKS AUTHORITY**

TOWN OFFICIALS

JUNE 30, 2013

Board of Trustees

Mayor	Phil Humble
Trustee	Gerald Gravlee
Trustee	Ricky Strecker

Treasurer

Kim Fortney

Clerk

Denise Fritts



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

204 E. FRANKLIN - P.O. BOX 507
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CORDELL, OK 73632
580-832-5313
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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Specified Users of the Report:

Town Board, Town of Chattanooga
Chattanooga, Oklahoma

Trustees of the Chattanooga Public Works Authority
Chattanooga, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances of the Town of Chattanooga, Oklahoma and Chattanooga Public Works Authority as of and for the fiscal year ended June 30, 2013, and the related Budgetary Comparison Schedules of the General Fund, Grant Fund, CDBG Grant Fund, and ASCOG REAP Grant Fund-Cash Basis and Statement of Revenues, Expenses and Changes in Fund Net Assets of the Proprietary Fund as of and for the fiscal year ended June 30, 2013, included in the accompanying prescribed form. We have not audited or reviewed the prescribed financial statements and, accordingly, do not express an opinion or provide any assurance about whether the prescribed financial statements are in accordance with the basis of accounting prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The management of the Town of Chattanooga, Oklahoma and Chattanooga Public Works Authority is responsible for the preparation and fair presentation of the prescribed financial statements in accordance with the basis of accounting prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the prescribed financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements and supporting information as prescribed by Oklahoma Statutes that is the representation of management without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the prescribed financial statements.

These prescribed financial statements have been prepared in a format and basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which differ from accounting principles generally accepted in the United States of America. Accordingly, these prescribed forms are not designed for those who are not informed about such differences.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, we have performed the procedures enumerated below which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma solely to assist the Town and Chattanooga Public Works Authority in meeting their financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2013. Management of the Town of Chattanooga is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the additional requirements prescribed in Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

As to the Town of Chattanooga, Oklahoma as of and for the fiscal year ended June 30, 2013:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (See accompanying Exhibit 1-00) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No instances noted.

2. Procedures Performed: From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds listing separately each federal fund (See accompanying Exhibit 2-00, 3-00, 4-00 and 5-00) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: At June 30, 2013, the Town's General Fund exceeded budgeted appropriations by \$27,862.30. The Town must continually monitor their expenses and compare them to budgeted appropriations to ensure budgeted appropriations are not exceeded. When it appears the expenses may exceed the budget, a supplemental appropriation can be made if the additional funds are available to help keep the Town from overexpending their budget.

3. Procedures Performed: We agreed the Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No instances noted.

4. Procedures Performed: We compared the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances noted.

5. Procedures Performed: We compared use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: During our procedures for the CDBG Grant Fund, we noted where the Town made a federal claim for reimbursement on CDBG Contract #13912 CDBG 09 for \$95,000.00, and received these funds on October 30, 2012. Upon receipt of this \$95,000.00, the Town had only made \$64,180.00 of expenditures for this claim. As of June 30, 2013, the Town had yet to expend the remaining \$30,820.00 for this claim. According to the CDBG Grant contract terms and conditions, the Town only had 15 days after receipt to expend these funds. Therefore, as of November 15, 2012, the Town was in violation of the CDBG Grant contract terms and conditions. On May 21, 2014, the Oklahoma Department of Commerce approved a contract extension to allow the Town to expend the remaining \$30,820.00 by August 20, 2014.

6. Procedures Performed: We compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: No instances noted.

7. Procedures Performed: We compared the Town's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: No instances noted.

As to the Chattanooga Public Works Authority as of and for the fiscal year ended June 30, 2013:

1. Procedures Performed: From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (See accompanying Exhibit 6-00) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instances of noncompliance.

Findings: No instances noted.

2. Procedures Performed: We agreed the Authority's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No instances noted.

3. Procedures Performed: We compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances noted.

4. Procedures Performed: We compared the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances noted.

5. Procedures Performed: We compared the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: No instances noted.

6. Procedures Performed: We compared the Authority's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: No instances noted.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL, AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
August 20, 2014

**TOWN OF CHATTANOOGA, OKLAHOMA &
CHATTANOOGA PUBLIC WORKS AUTHORITY
SUMMARY OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Town:</u>	Beginning of Year Fund Balance	Receipts	Disbursements	Transfers & Adjustments	End of Year Fund Balance
General Fund	\$ 1,635.60	\$ 52,896.21	\$ 67,072.39	\$ 15,000.00	\$ 2,459.42
Street & Alley Fund	4,547.72	21,449.24	2,674.86	0.00	23,322.10
Fire Department Fund	25,470.53	17,597.96	0.00	(36,681.56)	6,386.93
Fire & Rescue	2,708.11	60,028.18	42,022.87	(3,250.00)	17,463.42
Airport Cash	55,773.03	23,471.55	46,659.27	(5,000.00)	27,585.31
Airport Farm	164,089.82	34,265.45	64,845.77	(710.39)	132,799.11
Airport Ins. Recovery Fund	58,663.11	1,264.74	0.00	(1,039.61)	58,888.24
Grant Fund	0.00	0.00	0.00	100.00	100.00
CDBG Grant Fund	0.00	95,000.00	64,180.00	0.00	30,820.00
ASCOG REAP Grant	22,455.94	43,903.42	66,279.36	0.00	80.00
Town Subtotal	<u>335,343.86</u>	<u>349,876.75</u>	<u>353,734.52</u>	<u>(31,581.56)</u>	<u>299,904.53</u>
<u>Enterprise Funds:</u>					
Public Works Authority	<u>407,785.17</u>	<u>228,106.32</u>	<u>203,144.56</u>	<u>31,581.56</u>	<u>464,328.49</u>
Enterprise Funds Subtotal	<u>407,785.17</u>	<u>228,106.32</u>	<u>203,144.56</u>	<u>31,581.56</u>	<u>464,328.49</u>
Grand Total	<u>\$ 743,129.03</u>	<u>\$ 577,983.07</u>	<u>\$ 556,879.08</u>	<u>\$ 0.00</u>	<u>\$ 764,233.02</u>

See Accountant's Report

TOWN OF CHATTANOOGA, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				Favorable
				(Unfavorable)
Permit Fees	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Dog Pound Fees	0.00	0.00	275.00	275.00
Franchise Tax	930.11	930.11	1,029.44	99.33
User Tax	3,637.01	3,637.01	4,054.89	417.88
Police Fines	827.10	827.10	4,191.00	3,363.90
Gasoline Tax	0.00	0.00	0.00	0.00
Sales Tax	27,967.45	27,967.45	35,766.39	7,798.94
Alcoholic Beverage Tax	1,087.19	1,087.19	1,262.55	175.36
Cigar Tax	601.43	601.43	704.44	103.01
Interest Income	0.00	0.00	9.34	9.34
Rental Income	2,524.20	2,524.20	2,759.14	234.94
Sale of Property	0.00	0.00	0.00	0.00
Donations	0.00	0.00	2,550.00	2,550.00
CDBG 09 Grant	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	294.02	294.02
Total Revenues	37,574.49	37,574.49	52,896.21	15,321.72
Expenditures				
Police - M&O	3,000.00	3,000.00	7,608.37	(4,608.37)
Fire Department - M&O	0.00	0.00	0.00	0.00
Other - M&O	10,210.09	10,210.09	12,356.67	(2,146.58)
Personal Services	26,000.00	26,000.00	25,018.24	981.76
Capital Outlay	0.00	0.00	22,089.11	(22,089.11)
Total Expenditures	39,210.09	39,210.09	67,072.39	(27,862.30)
Excess Revenues Over (Under)				
Total Expenditures	(1,635.60)	(1,635.60)	(14,176.18)	(12,540.58)
Other Financing Sources (Uses)				
Operating Transfers In	0.00	0.00	15,000.00	15,000.00
Operating Transfers Out	0.00	0.00	0.00	
Adjustments to Prior Year				
Warrants Outstanding	0.00	0.00	0.00	0.00
Net Other Financing Sources (Uses)	0.00	0.00	15,000.00	15,000.00
Excess of Revenues and Other Sources				
over Expenditures and Other Uses	(1,635.60)	(1,635.60)	823.82	2,459.42
Budgetary Fund Balance, Beginning	1,635.60	1,635.60	1,635.60	0.00
Budgetary Fund Balance, Ending	\$ 0.00	\$ 0.00	2,459.42	\$ 2,459.42
Adjustments to conform with GAAP:				
Revenue Accruals			0.00	
Fund Balance, End of Year (GAAP Basis)			\$ 2,459.42	

See Accountant's Report.

TOWN OF CHATTANOOGA, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>Revenues</u>				Favorable
				(Unfavorable)
FEMA Disaster Assistance	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Miscellaneous	0.00	0.00	0.00	0.00
Total Revenues	0.00	0.00	0.00	0.00
<u>Expenditures</u>				
Personal Services	0.00	0.00	0.00	0.00
Maintenance and Operations	0.00	0.00	0.00	0.00
Capital Outlay	0.00	0.00	0.00	0.00
Total Expenditures	0.00	0.00	0.00	0.00
Excess Revenues Over (Under)				
Total Expenditures	0.00	0.00	0.00	0.00
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	0.00	0.00	100.00	100.00
Operating Transfers Out	0.00	0.00	0.00	0.00
Adjustments to Prior Year				0.00
Warrants Outstanding	0.00	0.00	0.00	0.00
Net Other Financing Sources (Uses)	0.00	0.00	100.00	100.00
Excess of Revenues and Other Sources				
over Expenditures and Other Uses	0.00	0.00	100.00	100.00
Budgetary Fund Balance, Beginning	0.00	0.00	0.00	0.00
Budgetary Fund Balance, Ending	\$ 0.00	\$ 0.00	100.00	\$ 100.00
Adjustments to conform with GAAP:				
Revenue Accruals			0.00	
Fund Balance, End of Year (GAAP Basis)			\$ 100.00	

See Accountant's Report.

TOWN OF CHATTANOOGA, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
CDBG GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>Revenues</u>				Favorable (Unfavorable)
CDBG 09 Grant	\$ 0.00	\$ 95,000.00	\$ 95,000.00	\$ 0.00
Miscellaneous	0.00	0.00	0.00	0.00
Total Revenues	0.00	95,000.00	95,000.00	0.00
<u>Expenditures</u>				
Personal Services	0.00	0.00	0.00	0.00
Maintenance and Operations	0.00	0.00	0.00	0.00
Returned Grant Funds - CDBG Grant	0.00	0.00	0.00	0.00
Capital Outlay	0.00	95,000.00	64,180.00	30,820.00
Total Expenditures	0.00	95,000.00	64,180.00	30,820.00
Excess Revenues Over (Under)				
Total Expenditures	0.00	0.00	30,820.00	30,820.00
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	0.00	0.00	0.00	0.00
Operating Transfers Out	0.00	0.00	0.00	
Adjustments to Prior Year				
Warrants Outstanding	0.00	0.00	0.00	
Net Other Financing Sources (Uses)	0.00	0.00	0.00	0.00
Excess of Revenues and Other Sources				
over Expenditures and Other Uses	0.00	0.00	30,820.00	30,820.00
Budgetary Fund Balance, Beginning	0.00	0.00	0.00	0.00
Budgetary Fund Balance, Ending	\$ 0.00	\$ 0.00	30,820.00	\$ 30,820.00
Adjustments to conform with GAAP:				
Revenue Accruals			0.00	
Fund Balance, End of Year (GAAP Basis)			\$ 30,820.00	

See Accountant's Report.

TOWN OF CHATTANOOGA, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
ASCOG REAP GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>Revenues</u>				Favorable (Unfavorable)
ASCOG REAP Grant Revenue	\$ 0.00	\$ 43,903.42	\$ 43,903.42	\$ 0.00
Miscellaneous	0.00	0.00	0.00	0.00
Total Revenues	0.00	43,903.42	43,903.42	0.00
<u>Expenditures</u>				
Personal Services	0.00	0.00	0.00	0.00
Maintenance and Operations	0.00	0.00	0.00	0.00
Capital Outlay	22,455.94	66,359.36	66,279.36	80.00
Total Expenditures	22,455.94	66,359.36	66,279.36	80.00
Excess Revenues Over (Under)				
Total Expenditures	(22,455.94)	(22,455.94)	(22,375.94)	80.00
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	0.00	0.00	0.00	0.00
Operating Transfers Out	0.00	0.00	0.00	
Adjustments to Prior Year				
Warrants Outstanding	0.00	0.00	0.00	
Net Other Financing Sources (Uses)	0.00	0.00	0.00	0.00
Excess of Revenues and Other Sources				
over Expenditures and Other Uses	(22,455.94)	(22,455.94)	(22,375.94)	80.00
Budgetary Fund Balance, Beginning	22,455.94	22,455.94	22,455.94	0.00
Budgetary Fund Balance, Ending	\$ 0.00	\$ 0.00	80.00	\$ 80.00
Adjustments to conform with GAAP:				
Revenue Accruals			0.00	
Fund Balance, End of Year (GAAP Basis)			\$ 80.00	

See Accountant's Report.

CHATTANOOGA PUBLIC WORKS AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Operating Revenues:

Charges for services:

Water	\$ 111,428.48
Sewer	45,843.46
Sanitation	61,413.29
Service Charges	3,826.77
Connection and Tap Fees	1,075.00
Other	<u>4,300.68</u>

Total Operating Revenues	<u>227,887.68</u>
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Operating Expenses:

Personal Services	52,428.56
Maintenance & Operations	131,571.30
Interest Expense	5,755.70
Depreciation	<u>13,389.00</u>

Total Operating Expenses	<u>203,144.56</u>
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Operating Income (Loss)	<u>24,743.12</u>
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Non-Operating Revenues (Expenses):

Interest income	<u>218.64</u>
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Total Non-Operating Revenues (Expenses)	<u>218.64</u>
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Net Income (Loss) Before Contributions and Transfers	24,961.76
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Prior period adjustments	0.00
Transfers in	36,681.56
Transfers out	<u>(5,100.00)</u>

Change in fund balance	56,543.32
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Fund Balance - beginning	<u>407,785.17</u>
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Fund Balance - ending	\$ <u><u>464,328.49</u></u>
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See Accountant's Report.